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ABSTRACT

Although educational leaders have been coping with declining enrollment for almost a decade, educational researchers have begun to focus on the topic only recently. The first part of this introduction to a special issue of the Peabody Journal of Education briefly summarizes the contents of the subsequent essays, which are intended to bridge the gap between researchers and practitioners. The introduction's second part provides a conceptual framework for the essays, discussing the problem of adjusting to declining enrollment as one of determining not only what actions to take, but also how to make unpleasant decisions. The first aspect of the problem, that of "substantive retrenchment policies," concerns revenue-generating policies, cost-cutting policies, and degrees of political divisiveness likely to result from such policies. The second dimension of the problem, that of "process retrenchment policies," involves the management tasks of planning for and obtaining acceptance of a board's decisions, including policies that vary in being of a technical or political nature and in being divisive to differing degrees. Educational leaders' decisions in times of enrollment decline must be based on both efficiency (making cuts for the benefit of the organization as a whole) and equity (distributing cuts across the entire organization). (JBM)

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Managing Enrollment Decline:

Current Knowledge and Future Applications*

by

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October, 1982

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Major Products Emanating from
Organizational Responses to Decline
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This paper is one of several products emanating from the research titled Organizational Responses to Decline. The complete list (to date) is as follows:

1. Berger, M. Two paradoxes in managing decline: Comprehensive planning and participation. In Kae H. Chung (ed.). The 1982 Academy of Management Proceedings. Loveland, Colorado: Lithographic Press, 1982, 334-338.

   This paper was also awarded the "1982 Best Paper in the Public Sector Division" of the Academy of Management at its 1982 Annual Meeting in New York, August, 1982.

2. Berger, M. Class size is not the issue. Paper presented at the National School Board Association Annual Meeting, Atlanta, April, 1982.

3. Berger, M. Organizational Responses to Decline: Summary Report. Submitted to the National Institute of Education, December, 1982.

4. Berger, M. Managing enrollment decline: Current knowledge and future applications. Peabody Journal of Education, 1983, (Forthcoming).*

5. Berger, M. Neighborhood schools: The new (?) legal response to enrollment decline and desegregation. Urban Education, 1983, (Forthcoming).**

6. Berger, M. Retrenchment policies and their organizational consequences. Peabody Journal of Education, 1983, (Forthcoming).*

7. Berger, M. Stages in decline: How educational organization scales down. Educational Administration Quarterly, 1983, (Under review).**

8. Berger, M. Studying enrollment decline (and other timely issues) via the case survey. Educational Evaluation and Policy Analysis, 1983, (Forthcoming).**

9. Berger, M. Why communities protest school closings. Education and Urban Society, 1983, (Forthcoming).**

10. Boone, C. The effects of succession on organizations in decline. Doctoral Dissertation, Peabody College of Vanderbilt University, Nashville, Tennessee, April, 1982.

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Educational organizations have always had their crises. In the not-to-distant past, educational leaders confronted problems of increasing enrollments without adequate buildings and staff, legal pressures for desegregation without local support, and rising public expectations without the resources to meet those demands.

At the present time, many school districts and universities are facing a problem of a different sort, namely, declining enrollment and rising costs. At first glance, these factors may not seem to be cause for concern: class size can be reduced, overcrowding can be eliminated, and new programs can be developed. On closer inspection, however, it is apparent that serious problems occur when it takes more and more dollars to educate fewer and fewer students. At some point, the "crunch" comes: taxes must be raised, budgets must be cut, teachers must be terminated, and schools must be closed. As a result, overtaxed communities rebel, teachers protest, and parents mobilize. What looked like an opportunity can turn into a substantial management problem. Cuban describes the situation using a vivid two-armed pincers metaphor:

> If demographic changes are one arm of the pincers squeezing schools, the other arm is rising costs. Spending more to buy less is as true for a school system as it is for families. Combine inflation with less revenue coming into the county, then the pincers close (1979, p. 368).

While educational leaders have been coping with and writing about declining enrollment for almost a decade, the topic has attracted the interest of educational researchers only recently. Several reasons may explain this delay. First, the study of organizations usually reflects the social context in which it occurs (Benson, 1977). Thus, until declining enrollment became a real problem for educational leaders, it simply could not compete in the marketplace of research issues. Second, declining enrollment was avoided because it was perceived by

many observers as a temporary condition, something that would go away. Thus, it was never really taken seriously (Levine, 1978). Finally, enrollment decline might have been avoided because organizational researchers were preoccupied with growth and its consequences (Whetten, 1980a). Decline implied failure and few researchers wanted to study failure.

Events of the past five years, however, have changed this perspective. Educational researchers now realize that the occurrence of declining enrollment is a dominant theme in many educational organizations. They also realize that the problem is not temporary and that it is worth studying as a legitimate educational phenomenon.

Responding to the "need to know," early researchers (circa 1978-1979), with few exceptions, concentrated on a single district's response to its own unique situation (see Zerchykov, 1981 for a comprehensive review of the advice and empirical literature on declining enrollment). These early studies (e.g., Bishop, 1979; Cuban, 1979; Keough, 1978) were often written by superintendents and university professors who were consulting to the district at the time that the problems erupted.

While these early investigations provide a colorful description of the events and issues in question, they seem limited for our purposes in at least three ways. First, they predominantly focused on the most visible and politically divisive issue of enrollment decline, namely, school closings. Thus, whole array of administrative processes, policies, and effects were largely unexplored. Second, the research methodology was typically case study in nature. Rarely were experimental, quasi-experimental, or correlational designs employed (with quantitative analysis) to produce conclusions that were internally and externally valid. Finally, these studies often failed to make the necessary

link between the rich concepts and theories of the research on the one hand, and the implications for educational practice on the other. Therefore, a bifurcation occurred between scholars and practitioners: educational researchers spoke to other researchers at their professional meetings, while educational leaders exchanged "war stories" at their own association meetings. An integration of research findings and applications to practice was sorely needed.

The purpose of this special issue of the Peabody Journal of Education is to attempt to overcome these limitations. The papers in this collection grew out of a conference on the subject, organized by the guest editor, held at Peabody College of Vanderbilt University in February, 1982. The conference was sponsored jointly by the National Institute of Education and Peabody College. Conference participants included the authors whose papers appear in this journal, and also educational practitioners, scholars, and students of educational administration from all over the country.

In specific terms, the content focus of the papers vary widely from the ever-popular school closings and politics to reduction-in-force (RIF) policies, community involvement, succession, different management responses, and financial loss in urban systems. The research methodologies also differ significantly both from each other and from earlier studies. There is the intensive case study, to be sure, but this method is complemented by a comparative case analysis across 15 suburban districts, another comparative review of 8 urban districts, a survey of teachers and principals, a case survey of 59 districts, and the use of archival data. In addition, the units of analysis differ in these papers. The authors concentrate on a school district, suburban districts, urban districts, a college within a large university, and the data from a population of universities.

Despite the apparent variation in the papers, they are held together by two common threads: current knowledge about declining enrollment and the applications of that knowledge to future practice. In terms of current knowledge, the first two papers provide descriptive analyses of the underlying processes by which school districts manage their enrollment decline crises. The paper by Betty Jane Narver traces the Seattle experience of the school board as it attempted to close schools, but then had to redefine its role in the face of community opposition to the managers of property and conservators of the neighborhood environment. William Boyd and Dennis Wheaton trace the political processes in 15 suburban districts and distinguish political behavior in high and low status districts.

Second, there are attempts to go beyond description to explanation of the effects of various retrenchment policies on organizational outcomes. William Phelan looks at the perceptions of teachers in Massachusetts toward early retirement and reduction-in-force policies. The paper by Michael Berger evaluates the effects of four typical retrenchment policies on per pupil costs, pupil-teacher ratios, and equity. James Cibulka shifts the analysis to 8 urban districts to attempt to explain the reasons behind financial loss in large urban systems.

Finally, there is an attempt to conceptualize various responses to decline and place those categories into a theoretical framework. Judith Babcock's paper traces three types of adjustments to declining enrollment over an eight year period at a college within a large, state-supported university. The paper by Zammuto, Whetten, and Cameron continues the focus on decline in higher education by using a contingency paradigm to argue that the type of managerial response to declining enrollment depends on the nature of the changes that occur in the organization's environmental "niche."

But, the creation of enrollment decline concepts, frameworks, and theoretical statements is not the only thread that binds these papers together. They are also joined by a common focus on the application of their findings to future practice. Each paper addresses the fundamental question of what the different conclusions imply for educational practitioners.

To integrate the various findings and suggestions, Professor Robert Behn, a noted authority on decline and cutback management (see Behn, 1978a; 1978b; 1980), argues that declining enrollment produces five distinct managerial opportunities. He exhorts practitioners to explore and seize these opportunities. His analysis provides a fitting conclusion to this collection of studies, while at the same time implies a natural point of departure for future investigations on this vital topic.

The focus on current knowledge and future applications leads to the general question of how to think about the problem of declining enrollment, retrenchment policies, and organizational outcomes. The remainder of this introductory essay will provide a conceptual framework for viewing the papers that follow.

Theoretical Framework

The Basic Problem

Adjusting to declining enrollment involves hard decisions about who will be let go, what programs will be scaled down or terminated, and what groups will be asked to make what kinds of sacrifices. The problem of decline comes not only from the need to raise new funds or cutback over-capacity, however. It comes, in addition, from the reality that managing decline is significantly different from managing organizational growth.

Levine (1979) identifies three of these differences. First, organizational researchers have shown that change is most easily accepted when people affected by the change have something to gain in the process. Under conditions of growth, the slack resources necessary to win acceptance of change are available to the organization's managers. Under decline, by contrast, the rewards needed to obtain commitment to change are generally unavailable. Thus, agreement to controversial policies (like RIF or school closings) becomes problematic. Second, educational organizations -- like other public sector institutions -- make decisions under conditions of professional norms, collective bargaining agreements, and/or government mandates. In times of growth, these factors will not inhibit the decision-making process too much. With decline, however, these elements constrain the ability of policymakers to raise revenues or target the cutbacks. Finally, organizational contraction, unlike growth, produces serious morale and job satisfaction problems. It is simply not as much fun or exciting working in a contracting organization as it is working in an expanding one.

The problem with declining enrollment, therefore, is really twofold: policymakers, on the one hand, must determine what actions they will take to enable the organization to reach what Richard Cyert (1978) calls "a new equilibrium at a smaller scale of operation" (p. 347). Concurrently, however, they must also decide how they will go about making these unpleasant, constrained decisions. The first problem is substantive, whereas the latter problem concerns process. While it is true the two problems differ in focus, they are similar in that they each present policymakers with a novel set of circumstances for which there is no history or experience. In other words, declining enrollment is a double-edged sword that forces policymakers to decide what decisions they will make to cope with fewer and fewer students each year and how they should go about making those decisions, under significant constraints.

Substantive retrenchment policies. Substantive policies focus on raising revenues, cutting costs, or some combination of the two. Various frameworks have been advanced to catalogue these responses (see Babcock, 1981; Levine, 1978; Murray and Jick, 1981; Whetten, 1980b). Based on these frameworks and a review of the literature, a two by two matrix can be formulated (Figure 1). One

POLITICAL DIVISIVENESS	REVENUE-GENERATING POLICIES	COST-CUTTING POLICIES
LESS	a) • Short-term loans • Rent surplus space • Sell surplus equipment • Increase productivity	b) • Freeze hiring • Stimulate early retirement • Cut across-the-board • Defer maintenance
MORE	c) • Lobby to change state funding formula • Initiate referendum • Serve new clients • Sell vacated schools	d) • RIF by seniority • RIF by seniority + performance • Selective cuts • School closings and consolidation

FIGURE 1. SUBSTANTIVE RETRENCHMENT POLICIES

dimension includes policies which vary in terms of whether they increase revenue or decrease costs, while the other dimension distinguishes between policies which are more or less divisive, politically-speaking. Cell "a" depicts less divisive revenue-generating policies such as short-term loans (tax anticipation warrants). Cell "c" depicts more controversial strategies such as initiating a referendum. Cell "b" shows relatively nondivisive strategies such as enacting a hiring freeze (nondivisive because no one within the system suffers directly), while cell "d" includes reduction-in-force policies to cut back existing staff. It is important to state that although Figure 1 distinguishes the various policy alternatives, rarely do they occur in a singular or sequential fashion. Instead, school boards tend to couple the various policy alternatives (e.g., hiring freezes often accompany RIF; school closings often include the sale of the building and/or property).

Process retrenchment policies. Process retrenchment policies focus on the management tasks of planning for and obtaining acceptance of a board's decisions. There is a proliferation of technical materials on preparing budgets, projecting enrollments, calculating cohort survival rates, and analyzing personnel and facility requirements (see Bishop, 1979; Brown & Serville, 1979; Estes, 1977). There is an equally large number of papers which focus on the political task of gaining commitment to retrenchment decisions (see Divoky, 1979; Eisenberger, 1974, Keough, 1978).

Based on this literature, a process matrix can be formulated (see Figure 2). One dimension includes policies which vary on whether they are technical or political; the other dimension distinguishes less and more divisive policies. Cell "a" describes the types of technical decisions (e.g., whether to use a cohort survival technique or not) which tend to be relatively noncontroversial. Cell "c," in contrast, involves technical decisions (e.g., zero-based budgeting) which are likely to generate more controversy. They will be divisive because they involve the evaluation of performance, the quantification of qualitative data, and the use of "rational" techniques which might disrupt the flow of current selective benefits. Cell "b" describes several noncontroversial, political policy decisions (e.g., whether to form a taskforce or not; how to educate the community regarding retrenchment). Cell "d," on the other hand, includes decisions (e.g., changing leadership; using a consultant) which will probably generate a great deal of controversy. As before, the distinction between various management policy questions is more academic than real. School boards make their decisions in-tandem, rather than one cell at a time, or in a two-staged process of attending to the technical first and to the political next (Sargent and Handy, 1974).

POLITICAL DIVISIVENESS	TECHNICAL POLICY DECISIONS	POLITICAL POLICY DECISIONS
LESS	a) • Cohort survival analysis • Enrollment projections • Personnel/facility analysis • Use real estate data	b) • Form task forces • Delay time from problem announcement to first closing • Educate community • Develop "seige mentality"
MORE	c) • Zero-based budgeting • Evaluation research • Develop long range plans	d) • Change leadership • Use consultants • Involve community • Involve teachers

FIGURE 2. PROCESS RETRENCHMENT POLICIES

Organizational Consequences

Generally speaking, the two most important consequences of retrenchment policies are the issues of efficency and equity and the tradeoffs between the two (Gurin, 1978; Oken, 1975). Efficiency refers to cutting employees and units to maximize longterm survival of the organization as a whole, irrespective of the distribution of those cuts (Levine, 1978). Equity, in contrast, means the distribution of cuts across the entire organization, irrespective of the impact of the cuts on the longterm capacity of the organization (Levine, 1978).

The choice between efficiency or equity involves several delicate tradeoffs. Cuts on the basis of equity (i.e., sharing the pain) are easy to enact and avoid the unpleasant task of singling out certain parties for sacrifice, but they penalize efficient units and reward inefficient units and thereby threaten the survival of the organization as a whole (Levine, 1978). Selective cuts to enhance efficiency, on the other hand, increase the likelihood of organization survival (by reallocating precious resources from marginal to more central units/persons), but they require a costly analysis of and agreement on which units/persons are most essential in the long run.

In summary, managing enrollment decline is difficult because it really involves two problems in one. Educational leaders must decide what policies they will enact to realign their organization with its contracting environment, while at the same time, they must decide how they will go about making these unpleasant decisions. Whatever the decisions, however, each have implications for efficiency and equity. Moreover, the relationship between efficiency and equity is orthogonal in nature. The more cuts are targeted at less-efficient units (e.g., an underutilized school), the less equitable the decision ("Why should our school be closed and not their's?") Alternatively, the more cuts are made across-the-board to achieve some degree of equity, the less the efficiency ("We are the most productive department, why penalize us? Why not cut that other department; it has too many teachers?").

With these concepts and issues as a backdrop, this special issue presents some of the most recent empirical research on the timely topic of managing enrollment decline.

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